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Avoid Sticker Shock: Work with Payors Prior to Launch

By Ed Gallagher

Pharmaceutical companies spend a huge amount of time and money obtaining new prescriptions. The cost is even higher, and returns more risky, when it is the second, third or even fourth product in the market.

Because these costs and risks are unavoidable, it is crucial to deliver value messages that address the needs of each decision maker — managed care, physicians and patients. Creating accurate, compelling messages leads to faster product uptake and higher sales over the life of the product. Inadequate or poorly delivered messages lead to poor prescription experiences and sales that fall short of forecast.

Before you can develop value messages you must fully understand the needs of your customers, starting with physicians. For example, if you understand that certain physicians absolutely must have a great experience with the first prescriptions they write, that means patients must not only benefit from the treatment but also be satisfied with their out-of-pocket cost. This understanding should drive you to ensure you gain adequate reimbursement from the payors.

How can you do this if the managed care organization won't formally review your product until it is approved and in the marketplace? Because this is often the case, many companies decide to wait until launch to meet with managed care. This is a mistake. You don't want the payors to get "sticker shock" looking at the cost of your product before they hear the whole story.

A better strategy is to meet with payors prior to launch to lay the groundwork for review as quickly as possible after launch. If yours is an established company, you are probably meeting with the payors on a regular basis anyway. This affords you the opportunity to initiate a discussion about your new product. It's even more critical for new companies that don't have established relationships with managed

care companies to engage payors prior to launch. In this case, they should begin this process even earlier.

Tell your managed care contacts about the product's development process and what you expect physician uptake to be. If your product is going to cost more than what is currently available, explain why it is worth the additional cost, how medical costs will be cut in other areas, etc.

In addition, do not limit your discussions to the pharmacy director. Meet with the medical directors, too. As managed care's advocates for better treatment of patients, they can be big advocates for your product.

If you would like to share your experience in these issues, or discuss how you can ensure a successful product launch, send an email to rkeefe@tcgbiopharma.com.

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